

Message Text

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71
ACTION EA-09

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15 USIA-15 EB-07

TRSE-00 OMB-01 STR-04 /078 W

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R 220400Z JUL 76 H/W ZDK
FM AMEMBASSY JAKARTA
TO SECSTATE WASHDC 5763
INFO USDOC WASHDC
AMEMBASSY BANGKOK
AMEMBASSY KUALA LUMPUR
AMEMBASSY MANILA
AMEMBASSY SINGAPORE
AMCONSUL HONG KONG
AMCONSUL MEDAN
AMCONSUL SURABAYA

UNCLAS JAKARTA 9573

HONG KONG FOR W. SHARPE

E.O. 11652: N/A

TAGS: ETRD, ID

SUBJ: GOI EXPORT PROMOTION PROBLEMS

REF: JAKARTA 5358

1. GOI NON-OIL EXPORT PROMOTION POLICY OUTLINED REFTEL
RECEIVED QUOTE BITTER BLOW UNQUOTE WHEN BUREAUCRATIC
BUNGLING CAUSED 600 TONS OF RATTAN EXPORT GOODS TO MISS
THE BOAT EARLIER THIS MONTH, ACCORDING TO LOCAL PRESS
REPORTS OF 19 JULY. INDONESIAN EXPORTERS' ASSOCIATION
(GPEI) CLAIMS SNAFU CAUSED BY DELAYS IN GRANTING CUSTOMS
LOADING APPROVAL AT PORT OF TELUK BAYUR IN WEST SUMATRA.
GPEI REPORTED DELAY CAUSED CONSIDERABLE FINANCIAL LOSS
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FOR EXPORTER, RATTAN GROWERS, LONGSHOREMEN, AND GOI
ITSELF, AS WELL AS DAMAGING TRADE RELATIONS WITH OTHER
COUNTRIES.

2. GPEI, INDONESIAN CHAMBER OF COMMERCE AND INDUSTRY (KADIN), AND ASSOCIATION OF RATTAN TRADERS APPEALED TO WEST SUMATRA GOVERNOR AND PROVINCIAL TRADE OFFICE TO SIMPLIFY RATTAN EXPORT PROCEDURES. THREE GROUPS CALLED

FOR OFFICIALS TO CONFORM WITH GOIS OWN 1 APRIL PACKAGE OF EXPORT REFORMS. IN PARTICULAR, GROUP WANTS REPEAL OF REGIONAL EXPORT LEVIES WHICH CONTRAVENTE EXPORT PROMOTION REFORMS.

3. THIS LOCAL MINI-CRISIS WAS PRECIPITATED BY CUSTOMS OFFICIALS RESPONSIBLE FOR WEIGHING CARGO AND DUPLICATED SIMILAR INCIDENT LAST MONTH. IN EARLIER CASE SHIP'S DEPARTURE DELAYED BECAUSE WEIGHING TOOK TOO LONG. IN MOST RECENT EVENT, DELAY WAS OVER CUSTOMS OFFICIALS' ATTEMPTS TO CHANGE PRICE OF WEIGHING SERVICE, AND SHIP SIMPLY SAILED WITHOUT CARGO.

4. COMMENT: INCIDENT ILLUSTRATES DIFFICULTY IN MAKING WELL-INTENDED GOVERNMENT POLICIES FORMULATED AT NATIONAL LEVEL WORK OUT IN BOONDOCKS WHERE LOCAL OFFICIALS' INTERESTS USUALLY PREVAIL. CUMULATIVE EFFECT OF RELATIVELY SMALL INCIDENTS SUCH AS THIS IS TO INHIBIT GROWTH AND DIVERSIFICATION OF NON-OIL EXPORTS BY REDUCING INDONESIAN COMPETITIVENESS IN WORLD MARKETS. RATTAN IS ONLY SMALL SHARE OF TOTAL EXPORTS, TYPICALLY IN NEIGHBORHOOD OF 50,000 MT ANNUALLY VALUED AT \$2-3 MILLION. ABORTED SHIPMENT PROBABLY WORTH ABOUT \$35,000. NONETHELESS, RATTAN IS OF REGIONAL SIGNIFICANCE TO WEST SUMATRA, WHICH EXPORTS 90 PERCENT OF TOTAL AND REPORTEDLY EMPLOYS SOME 20,000 PEOPLE IN

INDUSTRY.
NEWSOM

UNCLASSIFIED

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